

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-11 IO-13
ISO-00 L-03 SIG-03 OMB-01 TRSE-00 SP-02 AGRE-00
COME-00 STR-07 SS-15 NSC-05 /111 R

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L/EB:CROH

-----037131 130625Z /14

R 122355Z JUN 78
FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
AMEMBASSY ABIDJAN
AMEMBASSY BANGKOK
AMCONSUL BELIZE
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL CALI
AMEMBASSY CANBERRA
AMCONSUL CAPE TOWN
AMEMBASSY COPENHAGEN
AMCONSUL DURBAN
USMISSION GENEVA
AMCONSUL GUAYAQUIL
AMEMBASSY KHARTOUM
AMEMBASSY LILONGWE
AMEMBASSY LONDON
AMEMBASSY MAPUTO
AMEMBASSY MANILA
AMEMBASSY MBABANE
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
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AMEMBASSY PARIS
AMEMBASSY PORT LOUIS
AMEMBASSY PRETORIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY SEOUL
AMEMBASSY STOCKHOLM

AMEMBASSY SUVA
AMEMBASSY TAIPEI
AMEMBASSY ANTANANRIVO
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON

C O N F I D E N T I A L STATE 149244

USEEC, OECD, ALSO FOR EMBASSY

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJECT: SUGAR: POSTPONEMENT OF CONTRIBUTION TO STOCK
FINANCING FUND

1. THE EXECUTIVE BOARD OF THE INTERNATIONAL SUGAR ORGANIZATION (ISO) WILL MEET JUNE 15 TO DECIDE WHETHER TO PROCEED AS SCHEDULED WITH JULY 1, 1978 AS THE EFFECTIVE DATE FOR ENFORCEMENT OF MANDATORY CONTRIBUTIONS TO THE STOCK FINANCING FUND OR TO POSTPONE THAT ACTION. IF THE EXECUTIVE BOARD DECIDES TO POSTPONE, IT MUST CALL A SPECIAL MEETING OF THE SUGAR COUNCIL TO APPROVE THE DECISION BY
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SPECIAL VOTE BEFORE JULY 1.

2. THE U.S. REP AT THE EXECUTIVE BOARD MEETING WILL PROPOSE THAT COLLECTION OF THE STOCK FINANCING CONTRIBUTION BE POSTPONED UNTIL OCTOBER 1. THE U.S. (AND POSSIBLY JAPAN) WILL NOT HAVE COMPLETED RATIFICATION PROCEDURES AND IMPLEMENTING LEGISLATION BY JULY 1, AND THUS WILL NOT BE IN A POSITION TO ENFORCE COLLECTION. IN PRESENTING ITS CASE FOR POSTPONEMENT, THE U.S. WILL MAKE THE FOLLOWING POINTS:

-- THE SENATE IS TIED UP INDEFINITELY BY A FILIBUSTER OF THE LABOR LAW REFORM PACKAGE AND IT IS VIRTUALLY IMPOSSIBLE FOR THE SENATE TO COMPLETE RATIFICATION PROCEDURES FOR THE ISA BY JULY 1.

ADDITIONALLY, NECESSARY IMPLEMENTING LEGISLATION FOR THE ISA IS DELAYED IN BOTH THE HOUSE AND SENATE BY A DEBATE OVER THE NATURE AND EXTENT OF THE SUPPORT PROGRAM FOR OUR DOMESTIC SUGAR INDUSTRY.

-- GIVEN THE ABOVE, IT IS UNLIKELY THE U.S. WILL COMPLETE ITS FULL LEGISLATIVE REQUIREMENTS IN THE IMMEDIATE FUTURE. HOWEVER, THERE IS GENERAL SUPPORT FOR THE ISA IN BOTH

HOUSES OF CONGRESS AND NO REAL OPPOSITION. WE ARE CONFIDENT, THEREFORE, THAT THE CONGRESS WILL ACT FAVORABLY ON RATIFICATION AND IMPLEMENTING LEGISLATION BEFORE IT ADJOURNS IN SEPTEMBER.

-- ACCORDINGLY, WE ARE REQUESTING THE SUGAR COUNCIL TO WAIVE THE OBLIGATIONS OF ALL MEMBERS UNDER ARTICLE 51 (ENFORCEMENT OF CONTRIBUTIONS TO THE STOCK FUND) TEMPORARILY UNTIL OCTOBER 1, 1978 PURSUANT TO ARTICLE 69 (WAIVER OF OBLIGATIONS). WE FULLY EXPECT TO BE IN A POSITION TO MEET OUR OBLIGATIONS TO ENFORCE THE CONTRIBUTION ON OCTOBER 1.

-- THIS THREE-MONTH DELAY SHOULD IN NO WAY AFFECT THE CONFIDENTIAL

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LONG TERM VIABILITY OF THE STOCK FINANCING FUND OR ITS ABILITY TO LOAN FUNDS TO COVER CARRYING COSTS OF "SPECIAL STOCKS". THERE IS AUTHORITY IN THE AGREEMENT TO ADJUST THE RATE OF CONTRIBUTION IF, AT A LATER DATE, THIS SHOULD PROVE NECESSARY.

-- THE U.S. HOPES ITS PROPOSAL CAN BE ACCEPTED ROUTINELY, WITH A MINIMUM OF FUSS OR RECRIMINATION. POLITICAL STATEMENTS BY RESPONSIBLE OFFICIALS COULD HAVE A NEGATIVE IMPACT ON WORLD SUGAR PRICES, WHICH IS SOMETHING WE ALL SEEK TO AVOID.

3. THE FOREGOING IS PROVIDED POSTS FOR THEIR BACKGROUND AND USE AFTER RPT AFTER JUNE 15. POSTS SHOULD NOT RPT NOT DISCUSS U.S. PLANS WITH HOST GOVERNMENTS PRIOR TO EXECUTIVE BOARD MEETING. VANCE

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Message Attributes

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